

Belvedere:
Jerry Butler

June 23, 2005

Corte Madera:
Melissa Gill

Fairfax:
Lew Tremaine

TO: Transportation Authority of Marin Commissioners

Larkspur:
Joan Lundstrom

RE: Adoption of Deferred Compensation Program

Mill Valley:
Dick Swanson

Dear Commissioners:

Novato:
Pat Eklund

As part of the 18-month work program, TAM retained the services of Gail Papworth to research deferred compensation plan options and assist in the establishment of one or more supplemental savings plans for TAM employee options.

Ross:
Jeanne Barr

San Anselmo:
Peter Breen

The California Public Employees Retirement System offers local public agency and school members a tax-deferred supplemental retirement savings program with a variety of investment options including a Deferred Compensation 457 Program administered under CitiStreet.

San Rafael:
Al Boro

Participants in the CalPERS 457 Program make "before tax" contributions and earnings grow tax-free until withdrawn as taxable income after retirement. The program offers:

Sausalito:
Amy Belser

Tiburon:
Alice Fredericks

County of Marin:
Susan Adams
Hal Brown
Steve Kinsey
Charles McGlashan
Cynthia Murray

- 14 investment options, with all funds managed by CalPERS staff and professional investment managers, plus access to more than 4,000 mutual funds through a Self-Managed Account (SMA) brokerage option and FDIC-insured CDs.
- Choices for all types of investors - conservative, moderate, or aggressive.
- Asset protections - all funds are held in trust for the exclusive benefit of participants.
- Investments and services delivered at low cost through a simple and fair fee schedule.

The plan offers admittance into the program for new employees as well as fund transfer options for participants from other providers. Administrative costs are absorbed by employees participating in the program.

Recommendation

The TAM Executive Committee recommends that the Commission adopt the attached resolution for Adoption of the Agreement with the California Public Employees Deferred Compensation Plan.

Respectfully Submitted,

Craig Tackabery
Executive Director

Attachments: Resolution No. 2005-09
 Employer Adoption Agreement
 CalPERS 457 Deferred Compensation Plan Document

RESOLUTION NO. 2005-09

**RESOLUTION APPROVING ADOPTION OF
CALIFORNIA PUBLIC EMPLOYEES' DEFERRED COMPENSATION PLAN**

WHEREAS, the Transportation Authority of Marin ("TAM") desires to establish a deferred compensation plan for the benefits of its employees; and

WHEREAS, the Board of Administration (the "Board") of the California Public Employees' Retirement System ("CalPERS") has established the California Public Employees Deferred Compensation Plan (the "CalPERS Plan") which may be adopted by a governmental employer the employees of which are public employees; and

WHEREAS, TAM believes that the CalPERS Plan and the investment options available thereunder will provide valuable benefits to its employees; and

WHEREAS, the Board has appointed State Street Bank and Trust Company ("State Street") to perform administrative services under the CalPERS Plan and to act as the Board's agent in all matters relating to the administration of the CalPERS Plan;

NOW, THEREFORE, BE IT RESOLVED that TAM adopts the CalPERS Plan for the benefit of its employees and authorizes and directs the Executive Director to execute the attached adoption agreement on behalf of TAM, and to provide State Street with such information and cooperation as may be needed on an ongoing basis in the administration of the CalPERS plan. A copy of this resolution, the agreement, and any attachments thereto shall be on file in the office of the Executive Director.

PASSED AND ADOPTED at a regular meeting of the Transportation Authority of Marin, on the 24th day of February, 2005, by the following vote to-wit:

STEVE KINSEY, CHAIR
TRANSPORTATION AUTHORITY OF MARIN

ATTEST:

Craig Tackabery
Executive Director

California Public Employees' Retirement System
CalPERS 457 Deferred Compensation Program

EMPLOYER ADOPTION AGREEMENT

By executing this Agreement, the employer identified below (the "Employer") adopts the California Public Employees' Deferred Compensation Plan (the "Plan") for the benefit of its employees. The Employer further agrees and represents as follows:

1. The Employer is a political subdivision of the State of California eligible to adopt the Plan for the benefit of its employees.
2. The Employer has duly adopted a resolution (copy attached) or taken such other official action as required for its lawful adoption and implementation of this Plan and has authorized the undersigned to execute this agreement on behalf of the Employer.
3. The Employer has been furnished with and reviewed a copy of the Plan document which explains the rights and obligations of the Employer under the Plan, as well as the rights and options available to the Employer's employees under the Plan; the Employer agrees to follow the terms of the Plan document, which are incorporated herein by reference.
4. The Employer understands and agrees that all amounts deferred under the Plan are to be invested in the Public Employees' Deferred Compensation Fund (the "Fund"), an investment entity established to hold amounts deferred under the Plan, and that the Employer shall have no right to sell, redeem, or otherwise liquidate its investments in the Fund, except as provided under Article 9 of the Plan.
5. The Employer understands that, except for certain responsibilities delegated to the Employer under the Plan, the administration of the Plan and Fund is subject to the exclusive control of the Board of Administration of the Public Employees' Retirement System (the "Board"). The Employer further understands that the Board has appointed State Street Bank and Trust Company ("State Street") to perform administrative services under the Plan and to act as the Board's agent in all matters relating to administration of the Plan; the Employer agrees to deal directly with State Street (or any successor agent duly appointed by the Board) on all matters relating to its participation in the Plan and to cooperate with State Street in the dissemination of Plan information to the Employer's employees. For purposes of this Agreement, the term "administrative services" shall include, but not be limited to, establishing and maintaining accounts for Plan participants, providing regular accounting reports, and other general record keeping and administrative functions necessary for proper maintenance of the Plan.
6. The information set forth on the attached specifications data page is complete and accurate and may be relied upon by the Board and State Street in the administration of the Plan on behalf of the Employer and its employees, unless and until the Employer has provided State Street with a written modification of such specifications.
7. The Employer has been furnished with a copy of a manual that describes the procedures to be followed by the Employer in the administration of the Plan for its employees, and the Employer agrees to adhere to the procedures set forth in that manual, and in any revisions thereof, or procedural notices that are hereafter furnished to the Employer.
8. The Employer agrees to make the Plan available to its employees and otherwise to abide by this Agreement commencing on the effective date shown on the attached specifications page; this Agreement shall remain in full force and effect unless terminated by the Employer or the Board upon sixty (60) days notice.

(Name of Employer) Transportation Authority of Marin

By: _____

(Title) Executive Director

Date: _____

Accepted by State Street Bank and Trust Company on behalf of the Board of Administration of the Public Employees' Retirement System

By: _____

Date: _____ Witness: _____

**CALPERS 457 DEFERRED COMPENSATION PLAN DOCUMENT
(AS AMEND. 1/1/98)**

The purpose of this Plan is to provide deferred compensation for California public employees that elect to participate in the Plan. This Plan is established pursuant to sections 21670 through 21685 of the Government Code of the State of California and is intended to constitute an "eligible deferred compensation plan" within the meaning of Section 457 of the Federal Internal Revenue Code.

ARTICLE I - DEFINITIONS

The following terms when used herein shall have the following meaning:

1.1 Account:

The bookkeeping account maintained with respect to each Participant which reflects the value of the deferred compensation credited to the Participant, including the Participant's Deferrals, the earnings or loss of the Fund (net of Fund expenses) allocable to the Participant, any Transfers for the Participant's benefit, and any distributions made to the Participant or the Participant's Beneficiary.

1.2 Adoption Agreement:

The agreement under which an Employer becomes a participating Employer under this Plan.

1.3 Beneficiary:

The person or persons designated by the Participant to receive distributions from the Participant's Account after the Participant's death.

1.4 Board:

The Board of Administration of CalPERS.

1.5 Code:

The Federal Internal Revenue Code of 1986, as amended from time to time.

1.6 Deferral:

An amount credited to a Participant's Account by reason of the Participant's agreement to defer a portion of his or her salary or wages.

1.7 Deferral Agreement:

The agreement between an Employer and an Employee, including any amendments thereto, which specifies the amount of Deferrals to be made by the Employee. Each Deferral Agreement or amendment thereto shall be made or confirmed in writing under procedures established by the Board.

1.8 Eligible Deferred Compensation Plan:

A plan maintained by any employer that constitutes an "eligible deferred compensation plan" within the meaning of Section 457 of the Code and that has at all relevant times included the deferral limitations set forth in Section 457(b).

1.9 Employee:

Any individual who is a common law employee of an Employer and is a member of CalPERS or for whom the Board is otherwise authorized to administer this Plan under the Government Code.

1.10 Employer:

Any political subdivision of the State of California for which the Board is authorized to administer this Plan under the Government Code and that has become a participating employer under this Plan pursuant to Article II. Where required by the context, references to the Employer shall mean the current or former Employer of the Employee or Participant.

1.22 Unforeseeable Emergency:

A circumstance of severe financial hardship to the Participant (or Beneficiary after the death of the Participant) resulting from a sudden and unexpected illness or accident of the Participant (or Beneficiary, as applicable) or of a dependent (as defined in Section 152(a) of the Code), loss of property due to casualty, or other similar extraordinary or unforeseeable circumstances arising from events beyond the control of the Participant (or Beneficiary, as applicable). A need to send a child to college or to purchase a new home shall not constitute an Unforeseeable Emergency.

1.23 Year:

A calendar year.

ARTICLE 2 - EMPLOYER PARTICIPATION

2.1 Initial Participation:

This Plan shall be available to the Employees of an Employer only if the Employer has executed an Adoption Agreement and provided the Board with such information as the Board deems necessary to administer the Plan on behalf of the Employer.

2.2 Terms of Participation:

By executing an Adoption Agreement, an Employer agrees to adhere to all terms and conditions of the Plan, to invest all Deferrals and Transfers in the Fund, and to follow all administrative procedures established by the Board. Except as otherwise provided herein, the terms of this Plan shall apply on a uniform basis to all Employers participating hereunder.

2.3 Duration of Employer Participation:

In the event that an Employer withdraws from participation in the Plan, all amounts credited to the Accounts of the Employer's participating Employees will continue to be held in the Fund and will be distributed in accordance with the terms of the Plan, except to the extent of any elective transfers from the Plan pursuant to Section 7.2.

ARTICLE 3 - EMPLOYEE PARTICIPATION

3.1 Eligibility:

Except as provided in section 21670 of the Government Code, all Employees of an Employer shall be eligible to participate in the Plan.

3.2 Initial Enrollment:

In order to become a Participant, an Employee must enter into a Deferral Agreement, which shall become effective no earlier than the calendar month following the month in which the agreement is made. A Deferral Agreement will be given effect only if the Deferral amount elected therein satisfies whatever minimum the Board may establish, and the Employee provides all information called for on the agreement form.

3.3 Effect of Deferral Agreement:

Commencing with the effective date of an Employee's Deferral Agreement, his or her gross salary or wages shall be reduced by the Deferral amount specified in the Deferral Agreement. Deferrals shall continue to be made in such amount unless and until the Deferral Agreement is amended or the Employee has a Separation from Service with the Employer. Subject to the limitations of Article IV, Deferrals shall not be subject to Federal or California income tax withholding and shall not be reported as gross income on the Employee's annual wage statement (Form W-2). However, Deferrals shall be subject to FICA taxation when earned.

3.4 Amendment of Deferral Agreement:

A Participant may amend or revoke his or her Deferral Agreement at any time, provided, however, that no change in the amount of a Participant's Deferrals will become effective until the calendar month following the month in which the Deferral Agreement is amended.

3.5 Investment Options:

Upon enrollment, the Participant shall designate the Investment Option or Investment Options to which his or her Deferrals are to be allocated. A Participant may thereafter re-allocate his or her Account balance among the available Investment Options. The minimum amounts or percentages that may be allocated among Investment Options, and the timing and frequency of re-allocations, shall be subject to such limitations and procedures as the Board may from time to time establish.

5.2 Account Balances:

The value, or balance, of each Participant's Account shall equal the aggregate value of the Fund investments held with respect to the Participant, based on the Investment Options selected by the Participant, and the method of valuation established by the Board. Each Participant shall periodically receive a statement which shows his or her Account balance and summarizes any credits or other transactions since the preceding statement. In the event that an individual has participated in this Plan by reason of employment with two or more Employers, separate Accounts shall be maintained for such individual with respect to each employment relationship.

ARTICLE 6 - DISTRIBUTIONS

6.1 Commencement of Distributions upon Separation from Service:

Upon a Participant's Separation from Service with an Employer, the Participant may elect to receive distributions under one of the optional distribution forms described in Section 6.2, commencing no earlier than the sixty-first (61st) day following the date of the Participant's Separation from Service, or the Participant may elect a deferred commencement date under Section 6.3. If neither such election is made within sixty (60) days of the Participant's Separation from Service, distributions shall commence under the Default Distribution Option as soon as practicable thereafter. Except as provided in Sections 6.5 and 6.6, no amount will be distributed from a Participant's Account before the sixty-first (61st) day following the date of the Participant's Separation from Service with the Employer.

6.2 Optional Distribution Forms:

Prior to the commencement date under Section 6.1 or Section 6.3, as applicable, the Participant may elect to have his or her Account distributed in one of the following forms:

- (a) a single lump sum payment;
- (b) substantially nonincreasing installment payments for a period of years (payable on an annual, semi-annual, quarterly, or monthly basis) which extends no longer than the life expectancy of the Participant or such longer period as permitted under Section 6.8;
- (c) partial lump sum payment of a designated amount, with the balance payable in substantially nonincreasing installment payments for a period of years, as described in paragraph (b); or
- (d) annuity payments (payable on an annual, quarterly, or monthly basis) for the Participant's lifetime, or for the lifetimes of the Participant and the Participant's Beneficiary if permitted under Section 6.8;
- (e) such other form of installment payments as may be approved by the Board consistent with the limitations of Section 6.8.

No election of a distribution form under this Section 6.2 may be made or changed after the commencement date for such distribution form.

6.3 Deferred Commencement Date:

Not later than sixty (60) days following the date of the Participant's Separation from Service, the Participant may elect a deferred commencement date for part or all of the Participant's Account balance. Such date may not be later than the Participant's Required Beginning Date. Unless an optional distribution form is elected before that deferred commencement date, the Participant's Account shall then be distributed under the Default Distribution Option. A Participant's election of a deferred commencement date under this Section 6.3 shall be irrevocable, provided, however, that if a Participant's deferred commencement date is later than December 31, 1996, the Participant may, at least 30 days prior to such date, elect a later deferred commencement date as permitted under section 457(e)(9)(B) of the Code; any Participant who has made such a second election of a deferred commencement date may not thereafter revoke or modify that election.

6.4 Default Distribution Option:

For purposes of this Article 6, the "Default Distribution Option" shall be substantially nonincreasing annual installments over ten (10) years or, if less, the number of years obtained by dividing the Participant's Account balance at the benefit commencement date by \$5,000 and by rounding the quotient to the nearest whole number.

6.9 Distributions from Fund:

Except as otherwise provided herein, all distributions shall be made directly from the Fund to the Participant or Beneficiary. To the extent required by law, income and other taxes shall be withheld from each benefit payment, and payments shall be reported to the appropriate governmental agency or agencies.

6.10 Annuities:

In the event that a Participant or Beneficiary elects to receive distributions in the form of a life annuity or another annuity form that cannot be distributed from the Fund, the portion of the Participant's Account balance allocable to that form of distribution shall be distributed from the Fund and used to purchase a commercial annuity contract under which that form of annuity is provided. The amount of the annuity payments to the Participant or Beneficiary shall equal the amounts payable under such annuity contract. An annuity contract acquired in connection with an annuity form of distribution shall be held by the Employer for the exclusive benefit of the Participant or Beneficiary. The Employer shall have no beneficial ownership interest in such annuity contract. However, the Employer shall be solely responsible to assure that all benefit payments are made in accordance with the terms of the Plan, and that all tax withholding and reporting requirements are satisfied.

ARTICLE 7 - TRANSFERS

7.1 Acceptance of Transfers:

A Transfer will be accepted and credited to a Participant's Account under the Plan if such Transfer is made from another Eligible Deferred Compensation Plan maintained by the Employer or another employer and is made in cash or other property that the Board accepts for investment in the Fund. Any Transfer so credited to a Participant's Account shall be invested in the Fund, and the portion of the Participant's Account balance attributable to such Transfer shall be distributed in accordance with the terms of the Plan.

7.2 Transfers to other Plans:

At the election of a Participant, all or a portion of the Participant's Account balance may be transferred to another Eligible Deferred Compensation Plan maintained by the Employer or another employer of the Participant, provided that such other plan accepts transfers.

7.3 Transfer Conditions:

The Board reserves the right to limit the terms and conditions under which Transfers will be accepted from or made to other Eligible Deferred Compensation Plans, including such terms and conditions as are necessary to comply with regulations or other pronouncements under Section 457 of the Code and to assure that any transferor or transferee plan constitutes an Eligible Deferred Compensation Plan.

ARTICLE 8 - PARTICIPANT RIGHTS

8.1 Participants' Interest in the Fund:

The Fund shall constitute a trust held for the exclusive benefit of Participants and Beneficiaries under the Plan. No part of the corpus or income of the Fund shall be used for, or diverted to, purposes other than for the exclusive benefit of Participants and their Beneficiaries, and no Employer or creditor of an Employer shall have any interest in or claim against any part of the assets of the Fund.

8.2 Benefits Based on Account Balances:

The benefits payable to each Participant (and his or her Beneficiary) shall be measured by and limited to the amounts properly credited to the Participant's Account. A Participant shall have no claim under the Plan for any loss or diminution of his or her Account balance that is attributable to any loss in the value of the investment portfolios of the Fund that correspond with the Investment Options selected by the Participant.

8.3 Nonassignability:

Except as provided in Section 8.4, the rights of a Participant or Beneficiary under this Plan may not be sold, assigned, pledged, committed, transferred, or otherwise conveyed, and any attempt to assign or transfer rights or benefits under this Plan shall not be recognized. Except as otherwise required by law, the rights of a Participant or Beneficiary under this Plan shall not be subject to attachment, garnishment, or execution, or to transfer by operation of law in the event of bankruptcy or insolvency of the Participant or Beneficiary or otherwise.

9.4 Fund Investments:

Subject to the limitations of applicable law and such further limitations as the Board may establish, each investment portfolio of the Fund may hold any form of investment that is consistent with its investment objectives. Without limiting the generality of the foregoing, the investment portfolios may hold equity or debt securities (other than securities issued by any Employer), fixed or variable annuity contracts (including deposit administration contracts) issued by life insurance companies, certificates of deposit or fixed rate investment contracts issued by a bank or similar institution, and such short-term instruments or deposits as the Board deems necessary to satisfy the liquidity needs of the Fund. In addition, each investment portfolio may hold shares, units, or participating interests in regulated investment companies, common or collective trust funds maintained by banks or similar institutions, investment partnerships, or other pooled investment funds or trusts that may issue participating interests to Eligible Deferred Compensation Plans.

9.5 Valuation and Accounting:

Each investment portfolio of the Fund shall be valued at least monthly, and the value of each Participant's Account shall be determined by reference to the portion of the Participant's Account allocable to each investment portfolio. The valuation of each investment portfolio shall reflect income received and accrued, realized and unrealized gains and losses, and allocable Fund expenses. The value of each Participant's interest in an investment portfolio may be measured in units, shares, or dollars. In addition, the Board shall maintain records showing the value of the Fund investments allocable to all Participants (and deceased Participants) whose entitlement to benefits under the Plan is attributable to employment with each participating Employer.

9.6 Redemption Restrictions:

No Employer shall have any right to redeem, revoke, sell, or otherwise liquidate any contribution to or investment in the Fund, except as may be necessary to:

- (a) effectuate a Participant's election to transfer all or a portion of his or her Account balance to another Eligible Deferred Compensation Plan;
- (b) effectuate the purchase of an annuity contract, as provided in Section 6.10; or
- (c) correct an investment in the Fund made by reason of a mistake of fact.

Nothing in paragraphs (a) through (c), above, shall give any Employer the right to redeem, revoke, sell, or otherwise liquidate any Fund investment, unless the Board or its designee has been provided with adequate evidence of the Employer's right to do so.

ARTICLE 10 - ADMINISTRATION OF PLAN

10.1 Duties of Board:

Except as provided in Section 10.3, the administration of the Plan shall be under the exclusive control of the Board. The decisions of the Board shall be final, binding, and conclusive on all interested persons for all purposes. No member of the Board shall be entitled to act on or decide any matters relating solely to himself or herself or any of his or her rights or benefits under the Plan. To the maximum extent permitted by law, each member of the Board shall be held harmless for all acts performed in good faith in connection with the Plan.

10.2 Delegation of Authority:

The Board may delegate to any individual member of the Board, any employee or employees of CalPERS, or any independent contractor the authority to act as the Board's agent with respect to any matter within the control of the Board, provided that any such delegation of authority shall be subject to revocation by the Board. Any act that the Board is required or authorized to perform under the terms of this Plan, including any communication to be made or received by the Board and the adoption of any supplementary guidelines or procedures, may be performed by an agent of the Board, provided such person is acting within the scope of that person's delegation of authority from the Board. To the maximum extent permitted by law, each employee of CalPERS shall be held harmless for any act performed in good faith in connection with the Plan. Any independent contractor who is retained to perform services under the Plan shall perform such services solely as the agent of the Board and shall not be liable to any Employer, Participant, or Beneficiary for any act performed (or not performed) hereunder.

ARTICLE 11 - GENERAL PROVISIONS

11.1 Amendment:

Subject to the requirements of the Government Code, the Board reserves the right at any time to amend or modify the Plan without the consent of any Employer, Participant, or Beneficiary. The Board shall give notice of any such amendment or modification to participating Employers. Except as may be required to maintain the status of the Plan as an Eligible Deferred Compensation Plan under Section 457 of the Code or to comply with other applicable law, no amendment or modification shall impair any individual's right to benefits under the Plan or expand any Employer's obligation to provide benefits with respect to amounts previously credited to Participants' Accounts.

11.2 Effect on Employment:

Nothing contained herein shall give any Employee the right to be retained in the employment of an Employer or affect the right of an Employer to terminate any Employee's employment.

11.3 Binding Contract:

The terms of this Plan, as duly amended from time to time, shall constitute a contract between each Participant and the Employer and shall be binding, as applicable, upon their heirs, administrators, trustees, successors, assigns, and Beneficiaries.

11.4 Supplementary Information and Procedures:

Any explanatory brochures, pamphlets, or notices distributed by the Board to Employees, Participants, Beneficiaries, or Employers shall be distributed for information purposes and shall not override any provision of this Plan or give any person any claim or right not provided for under this Plan. Notwithstanding the foregoing, to the extent that the terms of this Plan document authorize the Board to adopt supplementary guidelines or procedures, any publication announcing such guidelines or procedures may be relied upon by the persons to whom it is distributed, unless and until modified by a subsequent publication. Any procedural requirement described in any such publication shall be binding upon the Employee, Participant, Beneficiary, or Employer, as applicable, to the same extent as if such requirement were set forth in this Plan document.

11.5 Incompetence of Payee:

If an Employer or the Board shall find that any person to whom any amount is payable under the Plan is unable to care for his or her affairs, is a minor, or has died, any payment due him or her, or his or her estate, may be paid to his or her spouse, a child, a relative, or any other person having maintaining or having custody of such person, unless a prior claim therefor has been made by a duly appointed legal representative. Any such payment shall be a complete discharge of all liability under the Plan thereof.

11.6 Applicable Law:

This Plan shall be construed under the laws of the State of California and in conformity with the requirements of Section 457 of the Code and all regulations thereunder applicable to Eligible Deferred Compensation Plans.